

# DAILY BULLETIN

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## UNITED STATES CONDEMNS NORTH KOREA'S MISSILE LAUNCHES

Tests demonstrate North Korea's intent to intimidate other states

By Susan Krause  
Washington File Staff Writer

Washington -- The United States strongly condemns North Korea's decision to defy international calls for restraint and proceed with the test launch of a series of ballistic missiles, the White House said in a July 4 statement.

"This provocative act violates a standing moratorium on missile tests to which the North had previously committed," the statement said. "Regardless of whether the series of launches occurred as North Korea planned, they nevertheless demonstrate North Korea's intent to intimidate other states by developing missiles of increasingly longer ranges."

Speaking to reporters the evening of July 4, White House press secretary Tony Snow and National Security Advisor Stephen Hadley said North Korea had fired six missiles, including Scud-type and Nodong short- to medium-range missiles capable of reaching Japan and a Taepodong-2 long-range missile capable of reaching the United States. The launches took place between about 2:30 p.m. and 6:30 p.m. EDT time (1830 and 2230 GMT) on July 4.

A seventh midrange missile was fired 12 hours later, according to press reports.

The Taepodong long-range missile failed less than a minute after launch, Snow said. All of the missiles landed in the sea between Korea and Japan.

“In doing this, the North Koreans have once again isolated themselves,” the press secretary said. “They have defied their neighbors who urged them not to have a launch.”

The launches did not come as a surprise, although their purpose remains unclear, Hadley said.

He stressed that the missile launches were not a bilateral issue between the United States and North Korea. “[T]hey were receiving messages from the entire international community on this subject and chose to ignore them,” he said. “I think it underscores the importance for the international community to stay together, send a common message and decide where we go next.”

A top priority for the United States, Hadley said, is to revive the Six-Party Talks on North Korea’s nuclear programs and implement the joint statement of principles that was negotiated through those talks in September 2005. Those talks involve North Korea, China, Japan, Russia, South Korea and the United States.

#### ACTIVE DIPLOMATIC ENGAGEMENT UNDER WAY, WHITE HOUSE SAYS

In a July 5 update, Snow said President Bush has not yet called any heads of state with regard to North Korea, but active diplomatic engagement is under way.

Snow said Secretary of State Condoleezza Rice has spoken to her counterparts from the other Six-Party Talks nations and was scheduled to meet with South Korea’s chief secretary for security policy, Song Min-soon, later on July 5. The South Korean security adviser already was in Washington for consultations on the Six-Party Talks and Hadley has spoken with Song by telephone, Snow said.

Assistant Secretary of State for East Asian and Pacific Affairs Christopher Hill, who has been the lead U.S. negotiator at the Six-Party Talks, will leave for the region by July 6. Snow said Hill has been on the phone with allies in preparation for his trip.

In addition, Snow said, U.S. Ambassador to Japan Thomas Schieffer has been in talks with Japanese officials. “Right now, basically what we are doing is trying to figure out the proper way to move forward,” Snow said.

The press secretary said the nations involved in the Six-Party Talks have spoken with one voice. “Rather than having the U.S. speak for all the parties, we are going to continue to have consultations with our allies,” he said. “And when we reach a joint decision, there will be again ... one voice on the way forward.”

Hadley said the launch of the Taepodong-2 missile is a clear violation of North Korea’s self-imposed moratorium on long-range missile launches.

Pyongyang issued a declaration in 1999 promising that it would maintain a moratorium on testing, after neighboring countries objected to its launch of a long-range Taepodong-1 missile in 1998. The North Korean government reaffirmed its moratorium in 2004, but reversed its stand in 2005.

“We also think that the September 2005 agreement that was reached in the Six-Party Talks committed all parties to the security and enhancing the security of Northeast Asia,” Hadley said. “And, of course, we think that this kind of activity does not enhance the security of Northeast Asia and therefore is inconsistent with at least the spirit and maybe even the letter of the September 2005 agreement.”

#### INTERNATIONAL RESPONSE

In New York, the U.N. Security Council also took up the issue, with representatives of 15 nations meeting in emergency session. U.S. Ambassador John Bolton said July 5 that the discussion in the Security Council showed “how little support there is in the international community as a whole for these North Korean missile launches.”

Meeting in Brussels, Belgium, July 5, the North Atlantic Council, the governing body of NATO, expressed “grave concern” over the missile launch, and issued a statement expressing regret and condemnation.

North Korea’s ballistic missile program poses a “serious threat,” the statement said, one that “will only further isolate North Korea from the international community and harm the interests of its people.”

“North Korea’s missile programs and provocative actions necessitate a firm response from the international community, and we will support the international community’s efforts to address this matter broadly, including at the U.N. Security Council,” the statement said.

## U.S. COMMITTED TO PROTECTING ITSELF AND ITS ALLIES

The United States remains committed to a peaceful diplomatic solution to this issue and to implementation of the September 2005 joint statement from the Six-Party Talks, the White House statement said. However, the White House statement cautioned, "the North Korean regime's actions and unwillingness to return to the talks appears to indicate that the North has not yet made the strategic decision to give up their nuclear programs as pledged to the other five parties."

"Accordingly, we will continue to take all necessary measures to protect ourselves and our allies."

The full text of the White House statement and a transcript of the press briefing are available on the White House Web site: <http://www.whitehouse.gov/news/releases/2006/07/20060704-2.html>

## WORLD LEADERS WANT ANSWER FROM IRAN BY G8 SUMMIT, RICE SAYS

U.S. secretary of state, Turkish foreign minister meet in Washington

By Vince Crawley  
Washington File Staff Writer

Washington -- U.S. and world leaders expect a response from Iran on proposed nuclear talks by the mid-July the Group of Eight (G8) Summit in Russia, Secretary of State Condoleezza Rice said July 5, the same day Iran missed a meeting with Europe's top envoy.

"We will see what takes place over the next couple of days," Rice told reporters while meeting with Turkey's foreign minister, Abdullah Gul. "But if indeed Iran is trying to stall, it's not going to work."

During Rice's meeting with Gul, the State Department also released a statement affirming a "shared vision" for U.S.-Turkish relations.

On the issue of the Iranian nuclear program, the European Union's (EU's) high representative for foreign policy, Javier Solana of Spain, was scheduled to meet July 5 with his Iranian counterpart to discuss a diplomatic offer made in early June. However, Iran withdrew from the meeting.

Solana on June 6 delivered a proposal by the international community that would allow Iran to develop nuclear energy if the nation agrees to halt development of nuclear weapons. The plan, if accepted by Iran, would include the first direct talks between the United States and Iranian governments in more than 25 years.

"The international community has said that we need to get an answer, an indication of where Iran is going with this," Rice said of nuclear proposals. "We need to know if the path of negotiation is open or not. It is really incumbent on Iran now to take what is a very good [offer] and respond to it."

The Iranian proposal is a package of incentives developed by six nations: the permanent members of the U.N. Security Council -- France, Britain, the United States, Russia and China -- plus Germany. The six nations are known as the P-5+1.

"I can assure you," Rice said, "that we still intend to have a substantive response from Iran before the middle of July when the heads of state will meet in St. Petersburg," Russia, for the G8 summit. "It simply makes sense for the world to have some kind of indication of whether Iran intends to pursue the negotiated track or not."

The G8 nations are Canada, France, Germany, Italy, Japan, the United Kingdom, the United States and Russia, which together account for about two-thirds of the world's economic output. The heads of state of these nations are scheduled to meet in St. Petersburg July 15-17.

## TURKEY

In her news conference with Gul, Rice said the "important and strong" partnership between the United States and Turkey "has a great deal to contribute to regional stability and indeed to global stability."

Turkey is a traditional gateway between Europe and the Middle East. The United States supports Turkey's candidacy for EU membership and believes that Turkey's history proves democracy can thrive in a predominantly

Muslim country. Rice said Gul has undertaken diplomatic steps “to convince Iran that this is a time to accept the international community’s offer” to solve the nuclear standoff “by diplomatic means.”

Turkey’s foreign minister also “has been stalwart in his support for young democracies like Afghanistan and Iraq,” Rice said.

The “shared vision” statement released by the State Department says the relationship between Turkey and the United States “is characterized by strong bonds of friendship, alliance, mutual trust and unity of vision.” The two countries share the values and ideals of promoting “peace, democracy, freedom and prosperity,” the statement said.

Gul said the shared-vision document “will enable our countries to conduct closer intensive consultations on many levels.” Rather than being a detailed action plan, he said the document “sets a broad agenda between the two countries.”

The full text of the shared-vision statement and transcript of the press briefing are available on the State Department Web site:  
<http://www.state.gov/secretary/rm/2006/68577.htm>

#### UNITED STATES PROSECUTING VIOLATORS OF ARMS EXPORT CONTROLS

One case involved nearly \$4 million in small arms for Colombian terrorists

Washington -- The U.S. government has had increasing success over the past five years in arresting and convicting violators of the Arms Export Control Act, according to a State Department fact sheet released July 3.

The release provides some figures and some case summaries for criminal enforcement actions since the adoption of the action program at the conclusion of the U.N. Conference to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects in July 2001.

On June 27, Robert Joseph, under secretary of state for

arms control and international security, addressed the conference’s 2006 meeting in New York, where he reiterated U.S. support for “aggressive steps to implement the recently concluded agreement on the marking and tracing of weapons, effective controls on weapons transfers -- both import and export -- as well as robust end-user certifications, strengthening controls over international brokers; effective stockpile management of weapons under state control; and the destruction of government-declared surplus and illicit weapons.”

The State Department release said there were 59 arrests for violations related to the arms act in 2001, with 39 convictions obtained; in 2003 there were 94 arrests. In 2005 there were 69 convictions of the arms act. Half-way through 2006, there have been 86 arrests, with 32 convictions.

This progress led State’s John Hillen, assistant secretary for political military affairs to declare in a recent op-ed for the Baltimore Sun that the United States sets the “gold standard” for controls on illicit arms.

Among the case summaries of export violations involving small arms and light weapons in the fact sheet are:

- **Smuggling Machine Guns and Grenade Launchers to the U.S. from Vietnam.** After spending nine years as a fugitive in Thailand, former U.S. law enforcement officer Daniel Edward Rogers was sentenced to 51 months in prison in November 2005 for smuggling 85 machine guns, four grenade launchers and an assortment of pistols into San Francisco on two Air France flights in 1994.
- **Weapons to Colombian Terrorist Group.** In August 2005 Colombian Carlos Gamarra-Murillo was sentenced to 25 years imprisonment after pleading guilty to providing material support to a foreign terrorist organization (the Fuerzas Armadas Revolucionarias de Colombia or FARC) and violating the arms act. An investigation showed Gamarra-Murillo plotted to provide nearly \$4 million worth of arms to the FARC, including roughly 4,000 grenades, 1,800 assault rifles, 60 grenade launchers and 60 machine guns.
- **Military Laser Sights to Foreign Locations.** A Japanese national, Sotaro Inami, was sentenced in April 2005 to 15 months imprisonment for conspiracy to export U.S. munitions list articles to Japan. The indictment stated that Inami and a co-conspirator attempted to purchase and illegally export military laser sights for M-16 and M-5 rifles to locations outside the United States.

• Assault Rifles and Machine Guns to Philippines. Victor “the Devil” Infante, an accused leader of an international firearms and methamphetamine distribution organization, pleaded guilty to drug-related charges in September 2004, after he was charged with attempted export of assault weapons, including MAC-11 submachine guns, MP-5s, HK-94s, Colt AR-15s, and Uzi Model Bs, to the Philippines. Philippine authorities contend that Infante supplied arms to the Abu Sayyaf terrorist organization. He awaits sentencing.

The fact sheet is available on the State Department Web site: <http://www.state.gov/t/pm/rls/fs/68550.htm>

## STUDY EXAMINES EFFECT OF CHINA’S GROWTH ON COMMODITY PRICES

“China impact” on global markets complex and uneven, ITC staff finds

By Cassie Duong  
Washington File Staff Writer

Washington -- The demands of China’s “stunning economic growth” in recent years have had a complex and uneven effect on global prices for energy and other commodities, according to a staff study recently released by the Office of Industries at the U.S. International Trade Commission (ITC).

The study focused on the shifts in trade and global prices between 1995 and 2004 on four key commodities: crude petroleum, aluminum, forest products and ferrous scrap.

The impact of China on these commodities, the study found, “is more nuanced than generally expected.

“Rather than sharp price increases for each commodity, we find different effects for different commodities depending on the circumstances surrounding each product and market,” the study’s authors reported in the executive summary of their report.

The study, *The Effects of Increasing Chinese Demand on Global Commodity Markets*, was released in June,

and the findings are those of the authors and do not necessarily reflect the views of the U.S. International Trade Commission or any of the commissioners, according to a June 29 ITC press release.

## SPECIFIC COMMODITIES

The study said increasing Chinese demand is one factor contributing to price increases for crude petroleum in recent years, but global production during the 1995-2004 period more than kept pace with China’s requirements.

Anecdotal evidence, the study said, suggests that the sharp spikes in crude petroleum prices seen during 2005 and 2006 owe more to one-time, unexpected factors such as the threat of U.N. sanctions on Iran and the disruptions related to the hurricanes of 2005 than to China’s fairly steady, predictable increases in demand for petroleum.

China’s increased imports of alumina, the primary input to unwrought aluminum (not manufactured aluminum) has contributed to price increases for that commodity, according to the study.

China’s expanded production and export of unwrought aluminum also increased global prices for unwrought aluminum and changed the dynamics of the global aluminum market, the study said.

Unlike aluminum or crude petroleum, no central, global market exists for forest products. Prices for forest products, however, generally have remained stable even as China’s demand for both paper and lumber has increased, the study said. Global market prices for ferrous scrap have increased strongly as a result of increased demand by China as well as by Turkey and other Asian steel-producing countries, the study said.

For more information on U.S. policies, see U.S.-China Trade and Economic Ties:

[http://usinfo.state.gov/eap/east\\_asia\\_pacific/china/us\\_china\\_trade\\_relations.html](http://usinfo.state.gov/eap/east_asia_pacific/china/us_china_trade_relations.html)

The texts of the ITC press release and the study (PDF, 108 pages) are available on the ITC Web site: [http://www.usitc.gov/ext\\_relations/news\\_release/2006/er0629dd3.htm](http://www.usitc.gov/ext_relations/news_release/2006/er0629dd3.htm)

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